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# **Economic Development, Trade & Banking Committee**

**Thursday, January 26, 2006  
9:30 am – 12:00 pm  
306 HOB**

# Committee Meeting Notice

## HOUSE OF REPRESENTATIVES

**Speaker Allan G. Bense**

### **Economic Development, Trade & Banking Committee**

**Start Date and Time:** Thursday, January 26, 2006 09:30 am

**End Date and Time:** Thursday, January 26, 2006 12:00 pm

**Location:** 306 HOB

**Duration:** 2.50 hrs

#### **Consideration of the following bill(s):**

HB 449 Economic Development by Detert

HB 531 Prosperity Campaigns by Jennings

**NOTICE FINALIZED on 01/13/2006 12:16 by GOLDING.SARA**



## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 449

Economic Development

**SPONSOR(S):** Detert

**TIED BILLS:**

**IDEN./SIM. BILLS:** HB 305, SB 624

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| REFERENCE   | ACTION  | ANALYST                    | STAFF DIRECTOR            |
|---|---------|----------------------------|---------------------------|
| 1) <u>Economic Development, Trade &amp; Banking Committee</u> | <u></u> | <u>Olmedillo</u> <i>JO</i> | <u>Carlson</u> <i>MUC</i> |
| 2) <u>Finance &amp; Tax Committee</u>                         | <u></u> | <u></u>                    | <u></u>                   |
| 3) <u>Growth Management Committee</u>                         | <u></u> | <u></u>                    | <u></u>                   |
| 4) <u>Commerce Council</u>                                    | <u></u> | <u></u>                    | <u></u>                   |
| 5) <u></u>  | <u></u> | <u></u>                    | <u></u>                   |

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### SUMMARY ANALYSIS

The bill renames the Urban High-Crime Area Job Tax Credit Program as the Designated Urban Job Tax Credit Area Program; changes the eligibility requirements for the areas so designated; reduces available tax credits from a range of \$500 to \$1,500, to a credit of \$1,000; and limits designations to a period of 7 years. In addition, the bill grandfathers the value of existing tax credits for businesses already in the program until 2013.

The bill has a fiscal impact on state and local revenue. See Fiscal Comments.

The bill has an effective date of July 1, 2006.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Lower Taxes – The bill will provide tax incentives for businesses that relocate to or expand in a designated urban job tax credit area.

#### B. EFFECT OF PROPOSED CHANGES:

##### Present situation

##### Urban High-Crime Job Tax Credit Program

##### Eligible Businesses

The Urban High-Crime Job Tax Credit Program was created in ch. 97-50, L.O.F. The Program provides job tax credits for businesses located in specific high crime areas that predominantly engage, according to the standard industrial classifications, in the following:

Agriculture, forestry, fishing, manufacturing, public warehousing and storage, hotels and other lodging places, research and development, public golf courses, amusement parks; and call or customer centers serving multi-state or international markets.

The Program provides tax credits based on the number of employees a qualified business hires and on the severity of the crime rate where it is located.

##### Designation

The Program requires OTTED to rank areas into 3 tiers along the following criteria:

1. Highest arrest rates within the geographic area for violent crime and for such other crimes as drug sale, drug possession, prostitution, vandalism, and civil disturbances;
2. Highest reported crime volume and rate of specific property crimes such as business and residential burglary, motor vehicle theft, and vandalism;
3. Highest percentage of reported index crimes that are violent in nature;
4. Highest overall index crime volume for the area; and
5. Highest overall index crime rate for the geographic area.

Furthermore, the program requires OTTED to classify high crime areas as "tiers" with tier-one areas ranked 1 to 5 representing the highest crime areas; tier-two areas being ranked as 6 to 10; and tier-three ranked 11 to 15.

Areas nominated by a county for designation as an urban high crime area may not exceed 20 square miles and must have either a continuous boundary or consist of no more than three noncontiguous parcels.

The Program limits the size and population of high crime areas as follows:

- No area may exceed 20 square miles;
- For communities that have a population of 150,000 or more, the selected area must not exceed 20 square miles;
- For communities with populations of 50,000 to 149,999, the selected area must not exceed 10 square miles;
- For communities with populations of 20,000 to 49,999, the selected area must not exceed 5 square miles; and

- For communities having a population of less than 20,000, the selected area must not exceed 3 square miles.

#### Tax Credit

**New eligible businesses** in tier-one areas that have at least 10 qualified employees on the date of application for a credit receive a \$1,500 tax credit for each employee. Qualified businesses in tier-two areas that have at least 20 qualified employees on the date of application for a credit receive a \$1,000 tax credit for each employee. Qualified businesses in tier-three areas that have at least 30 qualified employees on the date of application for a credit receive a \$500 tax credit for each employee. New eligible businesses may also qualify for an additional \$500 credit for each qualified employee who is a welfare transition participant.

An **existing eligible business** in a tier-one area, which on the date of application for a credit has at least 5 more qualified employees than it had one year prior to the date of application, receives \$1,500 for each additional employee. An existing eligible business in a tier-two area, which on the date of application for a credit has at least 10 more qualified employees than it had one year prior to the date of application, receives \$1,000 for each additional employee. An existing eligible business in a tier-three area, which on the date of application for a credit has at least 15 more qualified employees than it had one year prior to the date of application, receives \$500 for each additional employee.

A tax credit under the Urban High-Crime Area Job Tax Credit Program may not be sold or transferred, but may be used on a subsequent tax return 12 months after the tax credit is approved by the Department of Revenue.

The maximum credit amount that may be approved in one year is \$5 million of which \$1 million is reserved for tier-one areas. The \$5 million dollars in annual tax credits available under the Program have never been exhausted according to Enterprise Florida, Inc., because it is difficult to persuade businesses to relocate to an area labeled "High-Crime".<sup>1</sup>

A total of **\$14,303,500** in tax credits have been approved for 12 of the 13 Urban High-Crime Job Tax Credit Areas since 1999.<sup>1</sup> The thirteenth area, Ocala, has not been approved for any credits to date.

The total credits approved by area are broken down as follows:

|                   |             |
|-------------------|-------------|
| Ft. Lauderdale    | \$127,000   |
| Pompano Beach     | \$178,000   |
| Miami-Dade (1308) | \$2,145,500 |
| Miami-Dade (1310) | \$749,000   |
| Miami-Dade (1315) | \$139,000   |
| Jacksonville      | \$906,000   |
| Tampa             | \$163,500   |
| Tallahassee       | \$63,000    |
| Orlando           | \$7,389,000 |
| Palm Beach        | \$1,825,500 |
| St. Petersburg    | \$216,000   |
| Lakeland          | \$402,000   |

#### Proposed Changes

##### Urban High-Crime Job Tax Credit Program

The bill renames the "Urban High-Crime Job Tax Credit Program" as the "Designated Urban Job Tax Credit Area Program", and conforms the name change throughout.

<sup>1</sup> According to Senate Bill Analysis for Senate Bill 2212 (2006).

### Eligible Businesses

The bill revises the Program to increase the types of businesses that may be eligible for tax credits by including eligible industries under the state's tax refund program for qualified target industry businesses.

### Designation

The bill repeals the existing ranking criteria designated for use by OTTED. In its place, the bill provides that OTTED's new ranking for "designated urban job tax credit area" will be based on the highest level of distress experienced in categories enumerated in subsection 212.097(7), F.S., as amended by this bill.

The revised program requires OTTED to rank areas that are nominated to be included within the program every five years, rather than every three years. The bill also provides that an area designated under this section as of June 30, 2006, shall retain designation through June 30, 2013. However, a designated area may never retain its designation longer than 7 years. Upon expiration of an area's designation, that area may seek approval from OTTED for designation under the revised program.

The bill also adds areas designated as federal Empowerment Zones pursuant to the Community Tax Relief Act of 2000, to the definition of "designated urban job tax credit area."

The bill defines the term "urban" to mean a densely populated nonrural area located within an urban county consisting of a cluster of one or more census blocks, each having a population density of at least 400 people per square mile, or an area defined as "urban" by the most recent United States Census.

The bill also adopts the definition of an "urban infill and redevelopment area" from s. 163.2514, F.S., to mean an area or areas designated by the local government in which:

- Public services such as water and wastewater, transportation, schools, and recreation are already available or are scheduled to be provided in an adopted 5-year schedule of capital improvements;
- The area, or one or more neighborhoods within the area, suffers from pervasive poverty, unemployment, and general distress as defined by s. 290.0058;
- The area exhibits a proportion of properties that are substandard, overcrowded, dilapidated, vacant or abandoned, or functionally obsolete which is higher than the average for the local government;
- More than 50 percent of the area is within 1/4 mile of a transit stop, or a sufficient number of such transit stops will be made available concurrent with the designation; and
- The area includes or is adjacent to community redevelopment areas, brownfields, enterprise zones, or Main Street programs, or has been designated by the state or Federal Government as an urban redevelopment, revitalization, or infill area under empowerment zone, enterprise community, or brownfield showcase community programs or similar programs.

The bill revises the eligibility criteria for an area to be designated as an urban job tax credit area and requires the governing body of the entity nominating the area to demonstrate to OTTED the following:

#### Income characteristics:

- Forty percent of area residents are earning wages on an annual basis that are equal to or less than the annual wage of a person who is earning minimum wage; or
- More than 20 percent of residents or families live below the federal standard of poverty for individuals or a family of four;

#### Workforce and Employment Characteristics:

- The area has an unemployment rate at least three percentage points higher than the state's unemployment rate;

#### Crime Characteristics:

- The area has an arrest rate higher than the state's average rate for such crimes as drug sale, drug possession, prostitution, vandalism, and civil disturbances;

#### Residential and Commercial Property-Related Characteristics:

- Fifty percent or more of area residents rent; or
- Property values are within the lower 50 percent of the county's assessed property values;
- More than five percent of area commercial buildings are currently vacant or have been condemned within the previous 24 months; or
- Tax or special assessment delinquencies exceed the fair value of the land for 25 percent of such delinquencies.

The bill revises population and distance criteria by requiring the designated urban job tax credit areas to be within 10 miles of an urban infill and redevelopment area if the tax credit area has a total population of 150,000 persons or more; to be within 7.5 miles of an urban infill and redevelopment area if the tax credit area has a total population of 50,000 persons or more but fewer than 150,000; to be within 5 miles of an urban infill and redevelopment area for tax credit areas having total population of 20,000 persons or more but fewer than 50,000; and to be within three miles of an urban infill and redevelopment area for tax credit areas having a total population of fewer than 20,000 persons.

#### Tax Credit

The bill flattens the tax credits available to eligible businesses, providing a flat credit of \$1,000 (as opposed to \$500 to \$1,500 depending on the tier classification). The bill also provides for a \$1,000 tax credit for businesses existing in a designated urban job tax credit area that have at least 5 more qualified employees than they had one year prior to their date of application.

Notwithstanding the flattening of the tax credits, the bill provides that a business eligible for a specific value of tax credit (i.e., \$1,500 per job) on or before June 30, 2006, shall retain the right to that value of credit through June 30, 2013, provided it complies with job creation requirements.

#### Certified Capital Company Act

Bill amends the Act to reflect that the "Urban High-Crime Area Job Tax Credit Program" is renamed as the "Designated Urban Job Tax Credit Area Program."

#### C. SECTION DIRECTORY:

Section 1. Bill amends s. 212.08(5)(o), F.S. to reflect that the "Urban High-Crime Area Job Tax Credit Program" is renamed as the "Designated Urban Job Tax Credit Area Program."

Section 2. Bill amends s. 212.097, F.S. to reflect that the "Urban High-Crime Area Job Tax Credit Program" is renamed as the "Designated Urban Job Tax Credit Area Program."

Section 3. The bill amends s. 220.1895, F.S., to rename the Urban High Crime Area Job Tax Credit as the Designated Urban Job Tax Credit Area and replace references to the "Urban High Crime Area Job Tax Credit" with references to "Designated Urban Job Tax Credit Area."

Section 4. The bill amends s. 228.99, F.S., which provides the purpose of the Certified Capital Company Act, to replace the references to the "Urban High Crime Area Job Tax Credit" with references to "Designated Urban Job Tax Credit Area."

Section 5. The bill provides an effective date of July 1, 2006.



## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

The Revenue Estimating Conference estimated the fiscal impact of the bill **as filed** on April 7, 2005 as follows (The Revenue Estimating Conference has not revised the fiscal impact to date):

|                 |                 |
|-----------------|-----------------|
| FY 2005-06      | FY 2006-07      |
| (\$8.4 million) | (\$8.4 million) |

#### 2. Expenditures:

The bill appears not to have a fiscal impact on state government expenditures.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

The Revenue Estimating Conference estimated the fiscal impact of the bill **as filed** on April 7, 2005 as follows (The Revenue Estimating Conference has not revised the fiscal impact to date):

|                 |                 |
|-----------------|-----------------|
| FY 2005-06      | FY 2006-07      |
| (\$1.4 million) | (\$1.4 million) |

#### 2. Expenditures:

The bill appears not to have a fiscal impact on local government expenditures.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

### D. FISCAL COMMENTS:

The Revenue Estimating Conference estimated the total fiscal impact of the bill **as filed** on April 7, 2005 as follows:

|                 |                 |
|-----------------|-----------------|
| FY 2005-06      | FY 2006-07      |
| (\$9.8 million) | (\$9.8 million) |

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

#### 1. Applicability of Municipality/County Mandates Provision:

The bill does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not reduce the percentage of state tax shared with municipalities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

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A bill to be entitled

An act relating to economic development; amending s. 212.08, F.S.; conforming provisions to the revision creating designated urban job tax credit areas; amending s. 212.097, F.S.; revising provisions providing for an urban job tax credit program to apply to designated urban job tax credit areas rather than high-crime areas; revising and providing definitions, eligibility criteria, application procedures and requirements, and area characteristics and criteria; amending ss. 220.1895 and 288.99, F.S.; conforming provisions to the revision creating designated urban job tax credit areas; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraph (o) of subsection (5) of section 212.08, Florida Statutes, is amended to read:

212.08 Sales, rental, use, consumption, distribution, and storage tax; specified exemptions.--The sale at retail, the rental, the use, the consumption, the distribution, and the storage to be used or consumed in this state of the following are hereby specifically exempt from the tax imposed by this chapter.

(5) EXEMPTIONS; ACCOUNT OF USE.--

(o) Building materials in redevelopment projects.--

1. As used in this paragraph, the term:

a. "Building materials" means tangible personal property

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29    that becomes a component part of a housing project or a mixed-  
30    use project.

31        b. "Housing project" means the conversion of an existing  
32    manufacturing or industrial building to housing units in a  
33    designated an urban job tax credit ~~high-crime~~ area, enterprise  
34    zone, empowerment zone, Front Porch Community, designated  
35    brownfield area, or urban infill area and in which the developer  
36    agrees to set aside at least 20 percent of the housing units in  
37    the project for low-income and moderate-income persons or the  
38    construction in a designated brownfield area of affordable  
39    housing for persons described in s. 420.0004(9), (10), or (14),  
40    or in s. 159.603(7).

41        c. "Mixed-use project" means the conversion of an existing  
42    manufacturing or industrial building to mixed-use units that  
43    include artists' studios, art and entertainment services, or  
44    other compatible uses. A mixed-use project must be located in a  
45    designated an urban job tax credit ~~high-crime~~ area, enterprise  
46    zone, empowerment zone, Front Porch Community, designated  
47    brownfield area, or urban infill area, and the developer must  
48    agree to set aside at least 20 percent of the square footage of  
49    the project for low-income and moderate-income housing.

50        d. "Substantially completed" has the same meaning as  
51    provided in s. 192.042(1).

52        2. Building materials used in the construction of a  
53    housing project or mixed-use project are exempt from the tax  
54    imposed by this chapter upon an affirmative showing to the  
55    satisfaction of the department that the requirements of this  
56    paragraph have been met. This exemption inures to the owner

57 | through a refund of previously paid taxes. To receive this  
58 | refund, the owner must file an application under oath with the  
59 | department which includes:

- 60 |       a.   The name and address of the owner.
- 61 |       b.   The address and assessment roll parcel number of the  
62 | project for which a refund is sought.
- 63 |       c.   A copy of the building permit issued for the project.
- 64 |       d.   A certification by the local building code inspector  
65 | that the project is substantially completed.
- 66 |       e.   A sworn statement, under penalty of perjury, from the  
67 | general contractor licensed in this state with whom the owner  
68 | contracted to construct the project, which statement lists the  
69 | building materials used in the construction of the project and  
70 | the actual cost thereof, and the amount of sales tax paid on  
71 | these materials. If a general contractor was not used, the owner  
72 | shall provide this information in a sworn statement, under  
73 | penalty of perjury. Copies of invoices evidencing payment of  
74 | sales tax must be attached to the sworn statement.
- 75 |       3.   An application for a refund under this paragraph must  
76 | be submitted to the department within 6 months after the date  
77 | the project is deemed to be substantially completed by the local  
78 | building code inspector. Within 30 working days after receipt of  
79 | the application, the department shall determine if it meets the  
80 | requirements of this paragraph. A refund approved pursuant to  
81 | this paragraph shall be made within 30 days after formal  
82 | approval of the application by the department. The provisions of  
83 | s. 212.095 do not apply to any refund application made under  
84 | this paragraph.

85           4. The department shall establish by rule an application  
86 form and criteria for establishing eligibility for exemption  
87 under this paragraph.

88           5. The exemption shall apply to purchases of materials on  
89 or after July 1, 2000.

90           Section 2. Section 212.097, Florida Statutes, is amended  
91 to read:

92           212.097 Designated Urban ~~High-Crime-Area~~ Job Tax Credit  
93 Area Program.--

94           (1) As used in this section, the term:

95           (a) "Eligible business" means any sole proprietorship,  
96 firm, partnership, or corporation that is located in a  
97 designated urban job tax credit area ~~qualified county~~ and is  
98 predominantly engaged in, or is headquarters for a business  
99 predominantly engaged in, activities usually provided for  
100 consideration by firms classified within the following standard  
101 industrial classifications: SIC 01-SIC 09 (agriculture,  
102 forestry, and fishing); SIC 20-SIC 39 (manufacturing); SIC 52-  
103 SIC 57 and SIC 59 (retail); SIC 422 (public warehousing and  
104 storage); SIC 70 (hotels and other lodging places); SIC 7391  
105 (research and development); SIC 781 (motion picture production  
106 and allied services); SIC 7992 (public golf courses); ~~and~~ SIC  
107 7996 (amusement parks); and a targeted industry eligible for the  
108 qualified target industry business tax refund under s. 288.106.

109 A call center or similar customer service operation that  
110 services a multistate market or international market is also an  
111 eligible business. In addition, the Office of Tourism, Trade,  
112 and Economic Development may, as part of its final budget

request submitted pursuant to s. 216.023, recommend additions to or deletions from the list of standard industrial classifications used to determine an eligible business, and the Legislature may implement such recommendations. Excluded from eligible receipts are receipts from retail sales, except such receipts for SIC 52-SIC 57 and SIC 59 (retail) hotels and other lodging places classified in SIC 70, public golf courses in SIC 7992, and amusement parks in SIC 7996. For purposes of this paragraph, the term "predominantly" means that more than 50 percent of the business's gross receipts from all sources is generated by those activities usually provided for consideration by firms in the specified standard industrial classification. The determination of whether the business is located in a designated urban job tax credit ~~qualified high-crime area and the tier ranking of that area~~ must be based on the date of application for the credit under this section. Commonly owned and controlled entities are to be considered a single business entity.

(b) "Qualified employee" means any employee of an eligible business who performs duties in connection with the operations of the business on a regular, full-time basis for an average of at least 36 hours per week for at least 3 months within the designated urban job tax credit ~~qualified high-crime area~~ in which the eligible business is located. An owner or partner of the eligible business is not a qualified employee. The term also includes an employee leased from an employee leasing company licensed under chapter 468, if such employee has been continuously leased to the employer for an average of at least

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36 hours per week for more than 6 months.

(c) "New business" means any eligible business first beginning operation on a site in a designated urban job tax credit ~~qualified high-crime~~ area and clearly separate from any other commercial or business operation of the business entity within a designated urban job tax credit ~~qualified high-crime~~ area. A business entity that operated an eligible business within a designated urban job tax credit ~~qualified high-crime~~ area within the 48 months before the period provided for application by subsection (2) is not considered a new business.

(d) "Existing business" means any eligible business that does not meet the criteria for a new business.

(e) "Designated urban job tax credit ~~Qualified high-crime~~ area" means an area selected by the Office of Tourism, Trade, and Economic Development in the following manner: every fifth ~~third~~ year, the office shall designate ~~rank and tier~~ those areas nominated under subsection (7), according to the highest level of distress experienced in the categories enumerated under subsection (7). The Office of Tourism, Trade, and Economic Development shall designate the 30 highest-distress-profile urban areas as eligible participants under the Designated Urban Job Tax Credit Area Program. ~~following prioritized criteria:~~

1. ~~Highest arrest rates within the geographic area for violent crime and for such other crimes as drug sale, drug possession, prostitution, vandalism, and civil disturbances,~~

2. ~~Highest reported crime volume and rate of specific property crimes such as business and residential burglary, motor vehicle theft, and vandalism,~~



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169       ~~3. Highest percentage of reported index crimes that are~~  
170 ~~violent in nature,~~

171       ~~4. Highest overall index crime volume for the area; and~~

172       ~~5. Highest overall index crime rate for the geographic~~  
173 ~~area.~~

174  
175 ~~Tier one areas are ranked 1 through 5 and represent the highest~~  
176 ~~crime areas according to this ranking. Tier two areas are ranked~~  
177 ~~6 through 10 according to this ranking. Tier three areas are~~  
178 ~~ranked 11 through 15. Notwithstanding this definition,~~

179 "designated urban job tax credit qualified high-crime area" also  
180 means an area that has been designated as a federal Empowerment  
181 Zone pursuant to the Taxpayer Relief Act of 1997 or the  
182 Community Tax Relief Act of 2000. An area designated under this  
183 section as of June 30, 2006, shall retain the designation  
184 through June 30, 2013. A business qualified in such a designated  
185 area under this section, as this section was in effect on or  
186 before June 30, 2006, and eligible for the applicable tax credit  
187 as of June 30, 2006, shall retain the same qualification and tax  
188 credit amounts through June 30, 2013, that were available to the  
189 business on June 30, 2006, if the business complies with the  
190 job-creation requirements. Any area designated pursuant to this  
191 section shall retain the designation for a period not to exceed  
192 7 years after the effective date of designation. Thereafter, any  
193 such area or any other area eligible for designation may seek  
194 approval from the office for designation.

195       (f) "Urban" means a densely populated nonrural area  
196 located within an urban county that consists of a cluster of one

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197 or more census blocks, each of which has a population density of  
198 at least 400 people per square mile, or an area defined as an  
199 urbanized area by the most recent United States Census.

200 (g) "Urban infill and redevelopment area" means an area or  
201 areas designated by a local government where:

202 1. Public services such as water and wastewater,  
203 transportation, schools, and recreation are already available or  
204 are scheduled to be provided in an adopted 5-year schedule of  
205 capital improvements;

206 2. The area, or one or more neighborhoods within the area,  
207 suffers from pervasive poverty, unemployment, and general  
208 distress as defined by s. 290.0058;

209 3. The area exhibits a proportion of properties that are  
210 substandard, overcrowded, dilapidated, vacant or abandoned, or  
211 functionally obsolete which is higher than the average for the  
212 local government;

213 4. More than 50 percent of the area is within 1/4 mile of  
214 a transit stop, or a sufficient number of such transit stops  
215 will be made available concurrent with the designation; and

216 5. The area includes or is adjacent to community  
217 redevelopment areas, brownfields, enterprise zones, or Main  
218 Street programs, or has been designated by the state or Federal  
219 Government as an urban redevelopment, revitalization, or infill  
220 area under empowerment zone, enterprise community, or brownfield  
221 showcase community programs or similar programs. Such a  
222 ~~designated area is ranked in tier three until the areas are~~  
223 ~~reevaluated by the Office of Tourism, Trade, and Economic~~  
224 ~~Development.~~

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225           (2) A new eligible business may apply for a tax credit  
226 under this subsection once at any time during its first year of  
227 operation. A new eligible business in a designated urban job tax  
228 credit ~~tier one qualified high crime~~ area which has at least 10  
229 qualified employees on the date of application shall receive a  
230 ~~\$1,500 tax credit for each such employee. A new eligible~~  
231 ~~business in a tier two qualified high crime area which has at~~  
232 ~~least 20 qualified employees on the date of application shall~~  
233 ~~receive a \$1,000 tax credit for each such employee. A new~~  
234 ~~eligible business in a tier three qualified high crime area~~  
235 ~~which has at least 30 qualified employees on the date of~~  
236 ~~application shall receive a \$500 tax credit for each such~~  
237 ~~employee.~~

238           (3) An existing eligible business may apply for a tax  
239 credit under this subsection at any time it is entitled to such  
240 credit, except as restricted by this subsection. An existing  
241 eligible business in a designated urban job tax credit ~~tier one~~  
242 ~~qualified high crime~~ area which on the date of application has  
243 at least 5 more qualified employees than it had 1 year prior to  
244 its date of application shall receive a ~~\$1,500 tax credit for~~  
245 ~~each such additional employee. An existing eligible business in~~  
246 ~~a tier two qualified high crime area which on the date of~~  
247 ~~application has at least 10 more qualified employees than it had~~  
248 ~~1 year prior to its date of application shall receive a \$1,000~~  
249 ~~credit for each such additional employee. An existing business~~  
250 ~~in a tier three qualified high crime area which on the date of~~  
251 ~~application has at least 15 more qualified employees than it had~~  
252 ~~1 year prior to its date of application shall receive a \$500 tax~~

253 ~~credit for each such additional employee.~~ An existing eligible  
254 business may apply for the credit under this subsection no more  
255 than once in any 12-month period. Any existing eligible business  
256 that received a credit under subsection (2) may not apply for  
257 the credit under this subsection sooner than 12 months after the  
258 application date for the credit under subsection (2).

259 (4) For any new eligible business receiving a credit  
260 pursuant to subsection (2), an additional \$500 credit shall be  
261 provided for any qualified employee who is a welfare transition  
262 program participant. For any existing eligible business  
263 receiving a credit pursuant to subsection (3), an additional  
264 \$500 credit shall be provided for any qualified employee who is  
265 a welfare transition program participant. Such employee must be  
266 employed on the application date and have been employed less  
267 than 1 year. This credit shall be in addition to other credits  
268 pursuant to this section ~~regardless of the tier level of the~~  
269 ~~high-crime area.~~ Appropriate documentation concerning the  
270 eligibility of an employee for this credit must be submitted as  
271 determined by the department.

272 (5) To be eligible for a tax credit under subsection (3),  
273 the number of qualified employees employed 1 year prior to the  
274 application date must be no lower than the number of qualified  
275 employees on the application date on which a credit under this  
276 section was based for any previous application, including an  
277 application under subsection (2).

278 (6) Any county or municipality, or a county and one or  
279 more municipalities together, may apply to the Office of  
280 Tourism, Trade, and Economic Development for the designation of

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281 an area as a designated urban job tax credit ~~high-crime~~ area  
282 after the adoption by the governing body or bodies of a  
283 resolution that:

284 (a) Finds that an urban ~~a high-crime~~ area exists in such  
285 county or municipality, or in both the county and one or more  
286 municipalities, which chronically exhibits extreme and  
287 unacceptable levels of poverty, unemployment, physical  
288 deterioration, and economic disinvestment.+

289 (b) Determines that the rehabilitation, conservation, or  
290 redevelopment, or a combination thereof, of such an urban a  
291 ~~high-crime~~ area is necessary in the interest of the health,  
292 safety, and welfare of the residents of such county or  
293 municipality, or such county and one or more municipalities.+  
294 and

295 (c) Determines that the revitalization of such an urban a  
296 ~~high-crime~~ area can occur if the public sector or private sector  
297 can be induced to invest its own resources in productive  
298 enterprises that build or rebuild the economic viability of the  
299 area.

300 (7) The governing body of the entity nominating the area  
301 shall demonstrate ~~provide~~ to the Office of Tourism, Trade, and  
302 Economic Development that the area following:

303 (a) 1. Has at least forty percent of its residents earning  
304 wages on an annual basis which are equal to or less than the  
305 annual wage of a person who is earning minimum wage; or

306 2. Has more than 20 percent of its residents or families  
307 living below the federal standard of poverty for individuals or  
308 a family of four;

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309        (b) Has an unemployment rate at least 3 percentage points  
 310 higher than the state's unemployment rate;  
 311        (c) Has an arrest rate higher than the state's average  
 312 rate for such crimes as drug sale, drug possession,  
 313 prostitution, vandalism, and civil disturbances, as recorded by  
 314 the total crime index of the Department of Law Enforcement; and  
 315        (d)1. Has 50 percent or more of its residents who rent;  
 316        2. Has property values that are within the lower 50  
 317 percent of the county's assessed property values;  
 318        3. Has more than 5 percent of its commercial buildings  
 319 currently vacant or condemned within the previous 24 months; or  
 320        4. With respect to at least 25 percent of tax or special  
 321 assessment delinquencies, the amount of the delinquency exceeds  
 322 the fair value of the land ~~The overall index crime rate for the~~  
 323 ~~geographic area;~~  
 324        ~~(b) The overall index crime volume for the area;~~  
 325        ~~(c) The percentage of reported index crimes that are~~  
 326 ~~violent in nature;~~  
 327        ~~(d) The reported crime volume and rate of specific~~  
 328 ~~property crimes such as business and residential burglary, motor~~  
 329 ~~vehicle theft, and vandalism; and~~  
 330        ~~(e) The arrest rates within the geographic area for~~  
 331 ~~violent crime and for such other crimes as drug sale, drug~~  
 332 ~~possession, prostitution, disorderly conduct, vandalism, and~~  
 333 ~~other public-order offenses.~~  
 334        (8) A municipality, or a county and one or more  
 335 municipalities together, may not nominate more than one urban  
 336 high-crime area. However, any county as defined by s. 125.011(1)

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337 may nominate no more than three urban ~~high-crime~~ areas.

338       (9) An area nominated by a county or municipality, or a  
339 county and one or more municipalities together, for designation  
340 as a designated urban job tax credit ~~high-crime~~ area shall be  
341 eligible only if it meets the following criteria:

342       (a) The selected area ~~does not exceed 20 square miles and~~  
343 ~~either~~ has a continuous boundary or consists of not more than  
344 three noncontiguous parcels;

345       (b) The selected area does not exceed the following  
346 mileage limitation:

347       1. For areas ~~communities~~ having a total population of  
348 150,000 persons or more, the selected area does not exceed 20  
349 square miles and is within 10 miles of the urban infill and  
350 redevelopment area of a city.

351       2. For areas ~~communities~~ having a total population of  
352 50,000 persons or more, but fewer than 150,000 persons, the  
353 selected area does not exceed 10 square miles and is within 7.5  
354 miles of the urban infill and redevelopment area of a city.

355       3. For areas ~~communities~~ having a total population of  
356 20,000 persons or more, but fewer than 50,000 persons, the  
357 selected area does not exceed 5 square miles and is within 5  
358 miles of the urban infill and redevelopment area of a city.

359       4. For areas ~~communities~~ having a total population of  
360 fewer than 20,000 persons, the selected area does not exceed 3  
361 square miles and is within 3 miles of the urban infill and  
362 redevelopment area of a city.

363       (10)(a) In order to claim this credit, an eligible  
364 business must file under oath with the Office of Tourism, Trade,

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365 and Economic Development a statement that includes the name and  
366 address of the eligible business and any other information that  
367 is required to process the application.

368 (b) Within 30 working days after receipt of an application  
369 for credit, the Office of Tourism, Trade, and Economic  
370 Development shall review the application to determine whether it  
371 contains all the information required by this subsection and  
372 meets the criteria set out in this section. Subject to the  
373 provisions of paragraph (c), the Office of Tourism, Trade, and  
374 Economic Development shall approve all applications that contain  
375 the information required by this subsection and meet the  
376 criteria set out in this section as eligible to receive a  
377 credit.

378 (c) The maximum credit amount that may be approved during  
379 any calendar year is \$5 million, ~~of which \$1 million shall be~~  
380 ~~exclusively reserved for tier one areas.~~ The Department of  
381 Revenue, in conjunction with the Office of Tourism, Trade, and  
382 Economic Development, shall notify the governing bodies in areas  
383 designated under this section ~~as urban high-crime areas~~ when the  
384 \$5 million maximum amount has been reached. Applications must be  
385 considered for approval in the order in which they are received  
386 without regard to whether the credit is for a new or existing  
387 business. This limitation applies to the value of the credit as  
388 contained in approved applications. Approved credits may be  
389 taken in the time and manner allowed pursuant to this section.

390 (11) If the application is insufficient to support the  
391 credit authorized in this section, the Office of Tourism, Trade,  
392 and Economic Development shall deny the credit and notify the



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business of that fact. The business may reapply for this credit within 3 months after such notification.

(12) If the credit under this section is greater than can be taken on a single tax return, excess amounts may be taken as credits on any tax return submitted within 12 months after the approval of the application by the department.

(13) It is the responsibility of each business to affirmatively demonstrate to the satisfaction of the Department of Revenue that it meets the requirements of this section.

(14) Any person who fraudulently claims this credit is liable for repayment of the credit plus a mandatory penalty of 100 percent of the credit and is guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083.

(15) A corporation may take the credit under this section against its corporate income tax liability, as provided in s. 220.1895. However, a corporation that applies its job tax credit against the tax imposed by chapter 220 may not receive the credit provided for in this section. A credit may be taken against only one tax.

(16) The department shall adopt rules governing the manner and form of applications for credit and may establish guidelines concerning the requisites for an affirmative showing of qualification for the credit under this section.

Section 3. Section 220.1895, Florida Statutes, is amended to read:

220.1895 Rural Job Tax Credit and Designated Urban High-  
~~Crime Area~~ Job Tax Credit.--There shall be allowed a credit

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against the tax imposed by this chapter amounts approved by the Office of Tourism, Trade, and Economic Development pursuant to the Rural Job Tax Credit Program in s. 212.098 and the Designated Urban High-Crime-Area Job Tax Credit Area Program in s. 212.097. A corporation that uses its credit against the tax imposed by this chapter may not take the credit against the tax imposed by chapter 212. If any credit granted under this section is not fully used in the first year for which it becomes available, the unused amount may be carried forward for a period not to exceed 5 years. The carryover may be used in a subsequent year when the tax imposed by this chapter for such year exceeds the credit for such year under this section after applying the other credits and unused credit carryovers in the order provided in s. 220.02(8).

Section 4. Subsection (2) and paragraph (j) of subsection (3) of section 288.99, Florida Statutes, are amended to read:

288.99 Certified Capital Company Act.--

(2) PURPOSE.--The primary purpose of this act is to stimulate a substantial increase in venture capital investments in this state by providing an incentive for insurance companies to invest in certified capital companies in this state which, in turn, will make investments in new businesses or in expanding businesses, including minority-owned or minority-operated businesses and businesses located in a designated Front Porch community, enterprise zone, designated urban job tax credit ~~high-crime~~ area, rural job tax credit county, or nationally recognized historic district. The increase in investment capital flowing into new or expanding businesses is intended to

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contribute to employment growth, create jobs which exceed the average wage for the county in which the jobs are created, and expand or diversify the economic base of this state.

(3) DEFINITIONS.--As used in this section, the term:

(j) "Qualified business" means the Digital Divide Trust Fund established under the State of Florida Technology Office or a business that meets the following conditions as evidenced by documentation required by commission rule:

1. The business is headquartered in this state and its principal business operations are located in this state or at least 75 percent of the employees are employed in the state.

2. At the time a certified capital company makes an initial investment in a business, the business would qualify for investment under 13 C.F.R. s. 121.301(c), which is involved in manufacturing, processing or assembling products, conducting research and development, or providing services.

3. At the time a certified capital company makes an initial investment in a business, the business certifies in an affidavit that:

a. The business is unable to obtain conventional financing, which means that the business has failed in an attempt to obtain funding for a loan from a bank or other commercial lender or that the business cannot reasonably be expected to qualify for such financing under the standards of commercial lending;

b. The business plan for the business projects that the business is reasonably expected to achieve in excess of \$25 million in sales revenue within 5 years after the initial

477 investment, or the business is located in a designated Front  
478 Porch community, enterprise zone, designated urban job tax  
479 credit ~~high-crime~~ area, rural job tax credit county, or  
480 nationally recognized historic district;

481 c. The business will maintain its headquarters in this  
482 state for the next 10 years and any new manufacturing facility  
483 financed by a qualified investment will remain in this state for  
484 the next 10 years, or the business is located in a designated  
485 Front Porch community, enterprise zone, designated urban job tax  
486 credit ~~high-crime~~ area, rural job tax credit county, or  
487 nationally recognized historic district; and

488 d. The business has fewer than 200 employees and at least  
489 75 percent of the employees are employed in this state. For  
490 purposes of this subsection, the term also includes the Florida  
491 Black Business Investment Board, any entity majority owned by  
492 the Florida Black Business Investment Board, or any entity in  
493 which the Florida Black Business Investment Board holds a  
494 majority voting interest on the board of directors.

495 4. The term does not include:

496 a. Any business predominantly engaged in retail sales,  
497 real estate development, insurance, banking, lending, or oil and  
498 gas exploration.

499 b. Any business predominantly engaged in professional  
500 services provided by accountants, lawyers, or physicians.

501 c. Any company that has no historical revenues and either  
502 has no specific business plan or purpose or has indicated that  
503 its business plan is solely to engage in a merger or acquisition  
504 with any unidentified company or other entity.

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505           d. Any company that has a strategic plan to grow through  
506 the acquisition of firms with substantially similar business  
507 which would result in the planned net loss of Florida-based jobs  
508 over a 12-month period after the acquisition as determined by  
509 the office.

510           Section 5. This act shall take effect July 1, 2006.

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (1)

Bill No. HB 449

COUNCIL/COMMITTEE ACTION

|                       |       |       |
|-----------------------|-------|-------|
| ADOPTED               | ___   | (Y/N) |
| ADOPTED AS AMENDED    | ___   | (Y/N) |
| ADOPTED W/O OBJECTION | ___   | (Y/N) |
| FAILED TO ADOPT       | ___   | (Y/N) |
| WITHDRAWN             | ___   | (Y/N) |
| OTHER                 | _____ |       |

1 Council/Committee hearing bill: Economic Development, Trade &  
2 Banking Committee  
3 Representative(s) Hasner offered the following:  
4

5 **Amendment 1**

6 Remove line(s) 192 and insert:

7 6 years after the effective date of designation. Thereafter, any  
8  
9  
10

000000





## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 531  
**SPONSOR(S):** Jennings  
**TIED BILLS:**

Prosperity Campaigns

**IDEN./SIM. BILLS:** SB 1224

| REFERENCE  | ACTION | ANALYST   | STAFF DIRECTOR  |
|--|--------|---|---|
| 1) <u>Economic Development, Trade &amp; Banking Committee</u>                |        | Olmedillo  | Carlson  |
| 2) <u>Transportation &amp; Economic Development Appropriations Committee</u> |        |   |   |
| 3) <u>Community Colleges &amp; Workforce Committee</u>                       |        |   |   |
| 4) <u>Commerce Council</u>   |        |   |   |
| 5) _____   |        |   |   |

### SUMMARY ANALYSIS

HB 531 creates a **Prosperity Campaign Office** to be housed in Workforce Florida, Inc. The bill directs the Prosperity Campaign Office to perform the following activities:

- Coordinate established Prosperity Campaigns in the state;
- Foster the establishment and assist in the development of new campaigns in designated areas;
- Coordinate with the Internal Revenue Service in providing programs for low-wage workers;
- Work closely with Prosperity Campaign offices in other states; and
- Assist Florida Prosperity Campaign Council.

In addition, HB 531 creates the **Florida Prosperity Campaign Council**, composed of 20 members to assist the Prosperity Campaign Office with the following responsibilities:

- Assisting in the development of Prosperity Campaigns throughout the state;
- Coordinating with Prosperity Campaigns in the development of new programs;
- Developing implementation plans for new programs using the best practices of existing and new in-state and out-of-state Prosperity Campaigns;
- Coordinating financial literacy classes or programs within each Prosperity Campaign;
- Working with businesses and agencies to develop a package of services for citizens participating in Prosperity Campaigns;
- Working with the Department of Education in developing financial literacy instruction to be part of the life management skills course offered in high schools; and
- Performing other activities deemed necessary by the council or directed by Workforce Florida, Inc.

HB 531 also requires the Council members to serve a term of 2 years without compensation; however, members can be reimbursed for per diem and travel expenses for the quarterly meetings of the Council. The Council reports annually starting June 30, 2007, to the Governor and Legislature on the effectiveness of the Council.

Additionally, HB 531 requires financial literacy instruction to be included in the required high school life management skills course. It also encourages the financial literacy information to be used by community colleges and universities in their orientation programs.

The provisions of this bill shall be repealed on July 1, 2010, unless reviewed and saved from repeal by the Legislature.

The Agency for Workforce Innovation reports the fiscal impact for this bill as indeterminate. **See "Fiscal Comments."**

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

**STORAGE NAME:** h0531.EDTB.doc

**DATE:** 1/11/2006



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Provide limited Government** - The bill creates the Prosperity Campaign Office, headed by a 20 member council and housed within Workforce Florida, Inc., to establish and coordinate Prosperity Campaigns throughout Florida. Specifically, the bill creates a "catch-all" provision that authorizes the Florida Prosperity Campaign Council to perform "... other activities deemed necessary by the council or directed by Workforce Florida, Inc." As a result, this provision grants the council and Workforce Florida, Inc., the authority to regulate activities of Prosperity Campaigns.

**Empower families** – The bill encourages the Prosperity Campaign to connect low-wage workers to the Earned Income Tax Credit (EITC) and the Childcare Tax Credit; offer free tax preparation services, economic benefits screening and other related services. These connections could help low-wage workers increase their income, as workers who qualify receive a credit even when the amount of the EITC exceeds the amount of taxes workers owe.

**Promote Personal Responsibility** – The bill encourages Prosperity Campaigns to educate citizens about available economic benefit programs and the importance of wise financial decision-making. Consequently, the bill may reduce government dependency.

#### B. EFFECT OF PROPOSED CHANGES:

##### **PROSPERITY CAMPAIGN**

###### **Present Situation**

According to the Agency for Workforce Innovation: the state's workforce system, led by Workforce Florida, Inc., the Agency for Workforce Innovation and the 24 Regional Workforce Boards has emphasized and conducted annual Earned Income Tax Credit (EITC) informational campaigns for several years. These informational campaigns target first-time workers, the "working poor" and those exiting from public assistance through employment. Additionally, the Department of Children and Families also provides similar notices to public assistance participants and other low-wage workers.

Local workforce efforts are often conducted in collaboration with local Prosperity Campaigns, financial literacy programs and other similar efforts to demonstrate that "work pays". Currently, Prosperity Campaigns exist in 12 counties throughout Florida.

###### **Effect of Proposed Changes**

###### Prosperity Campaign Office

The HB 531 creates the "Prosperity Campaign Office", hereinafter the "Office", to be housed in Workforce Florida, Inc. The Office is directed to:

- Coordinate Prosperity Campaigns in the state;
- Foster the establishment and assist in the development of new campaigns in designated areas;
- Coordinate with the Internal Revenue Service in providing programs for low-wage workers;
- Work closely with Prosperity Campaign offices in other states; and
- Assist Florida Prosperity Campaign Council.

###### Prosperity Campaign Council

The office is to be headed by a 20 member "Florida Prosperity Campaign Council" composed of:

- Four individuals each representing a different Prosperity Campaign in the state, appointed by the Governor;
- One member of the Senate appointed by the President of the Senate;
- One member of the House of Representatives appointed by the Speaker;
- The Chief Financial Officer or his or her designee;

- The Commissioner of Education or his or her designee;
- One representative each from the following organizations or entities:
  - Greater Miami Prosperity Campaign;
  - Florida Bankers Association;
  - The Florida Institute of Certified Public Accountants (CPAs);
  - The Florida League of Cities;
  - The Florida Credit Union League;
  - The Florida Association of Counties;
  - The Florida Association of Realtors;
  - United Way of Florida;
  - Leadership Florida;
  - The Florida Chamber of Commerce;
  - A non-profit or community based low wage worker organization; and
  - The Florida Jump\$tart Coalition for Personal Financial Literacy.

The bill also sets the length of a term of appointment for each member at 2 years beginning on July 1, 2006 and requires that new appointments on vacancies be made in the same manner as the original appointments.

Council members will serve without compensation. However, they are entitled to reimbursement for per diem and travel expenses pursuant to s. 112.061, F.S.

The council's responsibilities include, but are not limited to:

- Assisting in the development of Prosperity Campaigns throughout the state;
- Coordinating with Prosperity Campaigns in the development of new programs;
- Developing implementation plans for new programs using the best practices of existing and new in-state and out-of-state Prosperity Campaigns;
- Coordinating financial literacy classes or programs within each Prosperity Campaign;
- Working with businesses and agencies to develop a package of services for citizens participating in Prosperity Campaigns;
- Working with the Department of Education in developing financial literacy instruction to be part of the life management skills course offered in high schools; and
- Performing other activities deemed necessary by the council or directed by Workforce Florida, Inc.

Beginning June 30, 2007, the council must report annually to the Governor and the Legislature on the effectiveness of the Council.

The provisions of section 1 of this bill shall stand repealed on July 1, 2010, unless it is reviewed and saved from repeal through reenactment.

#### Prosperity Campaigns

Each "Prosperity Campaign" is encouraged to:

- Educate citizens about available economic benefits programs and the importance of wise financial decision making;
- Connect low wage workers to economic benefits programs, including, but not limited to, the Earned Income Tax Credit and the Childcare Tax Credit;
- Offer free tax preparation services, economic benefits screening, and other related services;
- Provide information to businesses to enable them to distribute economic benefits information to current and new employees; and
- Perform other activities the council deems necessary.

## **EARNED INCOME TAX CREDIT (EITC)**

### **Present Situation**

The Earned Income Tax Credit (EITC), sometimes called Earned Income Credit (EIC), is refundable federal income tax credit for low-income working individuals and families. According to the Tax Policy Center (Tax Notes, March 14, 2005); the EITC, administered through the federal income tax system, is the largest cash assistance program for low-income families. The EITC program is designed to encourage work by subsidizing people's wages. The EITC provides up to \$4,400 a year for working families with two or more children. In 2002, the EITC lifted approximately 4.9 million people out of poverty.

In a January 17, 2006 news article, Workforce Florida, Inc. stated that "[b]ased on the information from the IRS it is projected that as much as \$635 million goes unclaimed by the estimated 350,000+ families/individuals in Florida who are not taking advantage of the EITC."

### **Effect of Proposed Changes**

HB 531 encourages the Prosperity Campaigns throughout the state of Florida to inform low-wage workers of the Earned Income Tax Credit and the Childcare Tax Credit; offer free tax preparation services, economic benefits screening and other related services.

## **FINANCIAL LITERACY IN HIGH SCHOOLS**

### **Present Situation**

Currently, 24 credits are required for high school graduation, pursuant to s. 1003.43, F.S. These include:

- one-half credit in life management skills which includes consumer education; and
- one-half credit in economics that includes a comparative study of the history, doctrines and objectives of all major economic systems. The Florida Council on Economic Education provides technical assistance to the department and district school boards in developing curriculum and materials for the study of economics.

### **Effect of Proposed Changes**

The HB 531 requires the Prosperity Campaign Council to work with the Department of Education in developing a financial literacy instruction to be part of the life management skills course required for high school graduation. The financial literacy instruction must focus on the importance of financial management, savings investments, credit scores, savings and additional materials.

The HB 531 requires financial literacy instruction to be included in the high school life management skills course required for high school graduation.

## **C. SECTION DIRECTORY:**

Section 1: Creates s. 445.057, F.S., to establish the Prosperity Campaign Office; creates the Florida Prosperity Campaign Council; provides responsibilities of the Florida Prosperity Campaign Council; provides Prosperity Campaign with a list of encouraged activities.

Section 2. Amends s. 1003.43, F.S., relating to general requirements for high school graduation; requiring financial literacy instruction to be part of the life management skills one-half credit requirement.

Section 3: Provides that the bill will take effect July 1, 2006.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

None.

#### 2. Expenditures: See "Fiscal Comments".

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

None.

#### 2. Expenditures:

**See "Fiscal Comments."**

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If this law brings greater awareness to the availability of the EITC for working families and individuals, the qualifying families and individuals who receive federal monies would presumably spend that money locally.

### D. FISCAL COMMENTS:

The 20 member council, which is to be administratively housed within Workforce Florida, defines a number of coordination and information dissemination roles for the council, such as hosting the required council meeting, preparations, publication, and dissemination of printed materials to businesses and employees, and providing free tax preparation, economic benefit screenings and providing other related services to individuals. According to the Agency for Workforce Innovation, in order to provide these types of services a minimum, one full time staff position and a half-time support position will be needed to implement and support the council. Salary and benefit costs for these positions are estimated at \$77,500. The total financial impact is undetermined at this time.

Other costs directly associated with the council will be the per diem and travel for the 20 members and staff of the council. The total fiscal impact of the travel is undetermined at this time; however s. 112.061(6), F.S. provides for a per diem and subsistence allowance for public officers, employees, and authorized persons. Pursuant to the bill, the members of the council will be reimbursed using the state allowance. Therefore, travel lodging and meals for 20 members of the council, four meetings every year, is \$39,280.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

#### 1. Applicability of Municipality/County Mandates Provision:

HB 531 does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. HB 531 does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. HB 531 does not reduce the percentage of state tax shared with municipalities or counties.

#### 2. Other: None.

B. RULE-MAKING AUTHORITY: None.

C. DRAFTING ISSUES OR OTHER COMMENTS: None.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

HB 531

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1                   A bill to be entitled

2       An act relating to Prosperity Campaigns; creating s.  
3       445.057, F.S.; establishing the Prosperity Campaign Office  
4       to be administratively housed in Workforce Florida, Inc.;  
5       providing duties of the office; providing for  
6       establishment of the Florida Prosperity Campaign Council;  
7       providing membership and responsibilities; providing for  
8       meetings and reimbursement for per diem and travel  
9       expenses; requiring development of financial literacy  
10      instruction to be included in high school life management  
11      skills coursework; encouraging each Prosperity Campaign to  
12      perform certain activities, including connecting low-wage  
13      workers to economic benefits programs and offering  
14      additional services; providing reporting requirements;  
15      providing for repeal unless reviewed and saved from  
16      repeal; amending s. 1003.43, F.S., relating to general  
17      requirements for high school graduation; requiring  
18      financial literacy instruction to be part of the life  
19      management skills credit requirement; providing an  
20      effective date.

21  
22   Be It Enacted by the Legislature of the State of Florida:

23  
24       Section 1.   Section 445.057, Florida Statutes, is created  
25   to read:

26       445.057   Prosperity Campaigns.--

27       (1)   There is established the Prosperity Campaign Office  
28   which shall be administratively housed in Workforce Florida,

29 Inc. The office is directed to coordinate established Prosperity  
30 Campaigns in the state, foster the establishment of new  
31 campaigns in designated regional workforce areas and assist in  
32 the development of their programs, coordinate with the Internal  
33 Revenue Service in providing programs for low-wage workers, and  
34 work closely with Prosperity Campaign offices in other states.

35 (2) The office shall assist the Florida Prosperity  
36 Campaign Council which shall be established and composed of the  
37 following members:

38 (a) Four individuals each representing a different  
39 Prosperity Campaign in the state, appointed by the Governor.

40 (b) One member of the Greater Miami Prosperity Campaign.

41 (c) One member of the Senate appointed by the President of  
42 the Senate.

43 (d) One member of the House of Representatives appointed  
44 by the Speaker of the House of Representatives.

45 (e) The Chief Financial Officer or his or her designee.

46 (f) One representative from the Florida Bankers  
47 Association.

48 (g) One representative from the Florida Institute of CPAs.

49 (h) One representative from the Florida Credit Union  
50 League.

51 (i) The Commissioner of Education or his or her designee.

52 (j) One representative from the Florida League of Cities.

53 (k) One representative from the Florida Association of  
54 Counties.

55 (l) One representative from the Florida Association of  
56 Realtors.

57 (m) One representative from United Way of Florida.

58 (n) One representative from Leadership Florida.

59 (o) One representative from the Florida Chamber of  
60 Commerce.

61 (p) One representative from a nonprofit or community-based  
62 low-wage worker organization.

63 (q) One representative from the Florida Jump\$tart  
64 Coalition for Personal Financial Literacy.

65 (3) The members of the council shall be appointed to serve  
66 2-year terms beginning July 1, 2006. A vacancy on the council  
67 shall be filled for the balance of the unexpired term in the  
68 same manner as the original appointment.

69 (4) The council shall meet each quarter of the year or  
70 upon the call of the chair. Annually, at the meeting in the  
71 first quarter, officers consisting of a chair, vice chair, and  
72 secretary shall be elected. Each officer shall serve until a  
73 successor is elected. No officer shall serve more than 2  
74 consecutive years in the same office.

75 (5) Members of the council shall serve without  
76 compensation, but shall be reimbursed for per diem and travel  
77 expenses in accordance with s. 112.061.

78 (6) The council's responsibilities shall include, but not  
79 be limited to:

80 (a) Assisting in the development of Prosperity Campaigns  
81 throughout the state.

82 (b) Coordinating with Prosperity Campaigns to assist in  
83 the development of new programs.

84 (c) Developing implementation plans for new programs using



85 the best practices of existing and new in-state and out-of-state  
86 Prosperity Campaigns.

87 (d) Coordinating financial literacy classes or programs  
88 within each Prosperity Campaign.

89 (e) Working with businesses and agencies to develop a  
90 package of services for citizens participating in Prosperity  
91 Campaigns.

92 (f) Working with the Department of Education in developing  
93 financial literacy instruction to be part of the life management  
94 skills course pursuant to s. 1003.43. The financial literacy  
95 instruction must focus on the importance of financial  
96 management, savings, investments, credit scores, and other  
97 relevant subjects. Community colleges and state universities are  
98 encouraged to use financial literacy information in student  
99 orientation programs.

100 (g) Performing other activities deemed necessary by the  
101 council or directed by Workforce Florida, Inc.

102 (7) Each Prosperity Campaign is encouraged to perform the  
103 following activities, but shall not be limited to such  
104 activities:

105 (a) Educating citizens about available economic benefits  
106 programs and the importance of wise financial decisionmaking.

107 (b) Connecting low-wage workers to economic benefits  
108 programs, including, but not limited to, the Earned Income Tax  
109 Credit and the Childcare Tax Credit.

110 (c) Offering free tax preparation services, economic  
111 benefits screening, and other related services.

112 (d) Providing information to businesses to enable them to

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distribute economic benefits information to current and new employees.

(e) Performing other activities deemed necessary by the council.

(8) By June 30, 2007, and annually thereafter, the council shall report to the Governor, the President of the Senate, and the Speaker of the House of Representatives the effectiveness of the council, detailing the progress made in establishing new Prosperity Campaigns, including barriers to establishing new Prosperity Campaigns, how the barriers were overcome, the partners involved and their roles, and recommendations for the future. The report shall also contain information on existing Prosperity Campaigns, including, but not limited to, constituents served and funds received.

(9) The provisions of this section shall stand repealed on July 1, 2010, unless reviewed and saved from repeal through reenactment by the Legislature.

Section 2. Paragraph (i) of subsection (1) of section 1003.43, Florida Statutes, is amended to read:

1003.43 General requirements for high school graduation.--

(1) Graduation requires successful completion of either a minimum of 24 academic credits in grades 9 through 12 or an International Baccalaureate curriculum. The 24 credits shall be distributed as follows:

(i) One-half credit in life management skills to include instruction in financial literacy focused on the importance of financial management, savings, investments, credit scores, and other relevant subjects; consumer education; positive emotional

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141 development;i marriage and relationship skill-based education;i  
142 nutrition;i parenting skills;i prevention of human  
143 immunodeficiency virus infection and acquired immune deficiency  
144 syndrome and other sexually transmissible diseases;i benefits of  
145 sexual abstinence and consequences of teenage pregnancy;i  
146 information and instruction on breast cancer detection and  
147 breast self-examination;i cardiopulmonary resuscitation;i drug  
148 education;i and the hazards of smoking.  
149

150 District school boards may award a maximum of one-half credit in  
151 social studies and one-half elective credit for student  
152 completion of nonpaid voluntary community or school service  
153 work. Students choosing this option must complete a minimum of  
154 75 hours of service in order to earn the one-half credit in  
155 either category of instruction. Credit may not be earned for  
156 service provided as a result of court action. District school  
157 boards that approve the award of credit for student volunteer  
158 service shall develop guidelines regarding the award of the  
159 credit, and school principals are responsible for approving  
160 specific volunteer activities. A course designated in the Course  
161 Code Directory as grade 9 through grade 12 that is taken below  
162 the 9th grade may be used to satisfy high school graduation  
163 requirements or Florida Academic Scholars award requirements as  
164 specified in a district school board's student progression plan.  
165 A student shall be granted credit toward meeting the  
166 requirements of this subsection for equivalent courses, as  
167 identified pursuant to s. 1007.271(6), taken through dual  
168 enrollment.

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169 |       Section 3.   This act shall take effect July 1, 2006.

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (1)

Bill No. 531

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Economic Development, Trade and  
Banking

Representative(s) Jennings offered the following:

**Amendment (with title amendment)**

Remove everything after the enacting clause and insert:

Section 1. Section 445.057, Florida Statutes, is created  
to read:

445.057 Florida Prosperity Campaign Council.--

(1) There is established the Florida Prosperity Campaign  
Council to be administratively housed in Workforce Florida, Inc.  
The council shall develop, enhance and assist in the  
coordination of Prosperity Campaigns throughout the state with  
the goal of providing economic benefits services and related  
information to Florida citizens.

(2) The council shall consist of the following members,  
each appointed by the Governor except as otherwise provided:

(a) One member of the Senate appointed by the President of  
the Senate, who shall serve as an ex officio, nonvoting member.

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21 (b) One member of the House of Representatives appointed  
22 by the Speaker of the House of Representatives, who shall serve  
23 as an ex officio, nonvoting member.

24 (c) The Chief Financial Officer or his or her designee,  
25 who shall serve as an ex officio, nonvoting member.

26 (d) The Commissioner of Education or his or her designee,  
27 who shall serve as an ex officio, nonvoting member.

28 (e) Four persons representing different Prosperity  
29 Campaigns in the state.

30 (f) One member of the Greater Miami Prosperity Campaign.

31 (g) One representative from the Florida Bankers  
32 Association.

33 (h) One representative from the Florida Institute of CPAs.

34 (i) One representative from the Florida Credit Union  
35 League.

36 (j) One representative from the Florida League of Cities.

37 (k) One representative from the Florida Association of  
38 Counties.

39 (l) One representative from the Florida Association of  
40 Realtors.

41 (m) One representative from United Way of Florida.

42 (n) One representative from Leadership Florida.

43 (o) One representative from the Florida Chamber of  
44 Commerce.

45 (p) One representative from a nonprofit or community-based  
46 low-wage worker organization.

47 (q) One representative from the Florida Jump\$tart  
48 Coalition for Personal Financial Literacy.

49 (3) Council members shall be appointed to serve 2-year  
50 terms beginning July 1, 2006. A vacancy on the council shall be

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (1)

51 filled for the balance of the unexpired term in the same manner  
52 as the original appointment.

53 (4) The council shall meet quarterly or upon the call of  
54 the chair. Annually, at the meeting in the first quarter,  
55 officers consisting of a chair, vice chair, and secretary shall  
56 be elected to serve until a successor is elected. No officer  
57 shall serve more than 2 consecutive years in the same office.

58 (5) Members of the council shall serve without  
59 compensation, but shall be reimbursed for per diem and travel  
60 expenses in accordance with s. 112.061.

61 (6) The council shall have the following responsibilities:

62 (a) Assist in the development and enhancement of  
63 Prosperity Campaigns and related programs throughout the state,  
64 using best practices developed by Prosperity Campaigns in  
65 Florida and nationally.

66 (b) Work with federal, state and local governments, non-  
67 profit entities and the private sector to provide information to  
68 Florida citizens about economic benefits programs and financial  
69 literacy.

70 (c) Work with the Department of Education in developing  
71 financial literacy instruction to be part of the life management  
72 skills course pursuant to s. 1003.43.

73 (d) Take other action as necessary to meet its statutory  
74 mission as described in subsection (1).

75 (7) By June 30, 2007, and annually thereafter, the council  
76 shall provide a detailed report to the Governor, the President  
77 of the Senate, and the Speaker of the House of Representatives  
78 on the council's performance of the responsibilities required by  
79 subsection (6). The report shall include an assessment of the  
80 effectiveness of Prosperity Campaigns and an evaluation of

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (1)

81 | obstacles to that effectiveness and shall make recommendations  
82 | for legislative action.

83 | (8) The provisions of this section shall stand repealed on  
84 | July 1, 2010, unless saved from repeal through reenactment by  
85 | the Legislature.

86 | Section 2. Paragraph (i) of subsection (1) of section  
87 | 1003.43, Florida Statutes, is amended to read:

88 | 1003.43 General requirements for high school graduation.--

89 | (1) Graduation requires successful completion of either a  
90 | minimum of 24 academic credits in grades 9 through 12 or an  
91 | International Baccalaureate curriculum. The 24 credits shall be  
92 | distributed as follows:

93 | (i) One-half credit in life management skills to include  
94 | instruction in financial literacy focused on the importance of  
95 | financial management, savings, investments, credit scores, and  
96 | other relevant subjects; consumer education;; positive emotional  
97 | development;; marriage and relationship skill-based education;;  
98 | nutrition;; parenting skills;; prevention of human  
99 | immunodeficiency virus infection and acquired immune deficiency  
100 | syndrome and other sexually transmissible diseases;; benefits of  
101 | sexual abstinence and consequences of teenage pregnancy;;  
102 | information and instruction on breast cancer detection and  
103 | breast self-examination;; cardiopulmonary resuscitation;; drug  
104 | education;; and the hazards of smoking.

105 |  
106 | District school boards may award a maximum of one-half credit in  
107 | social studies and one-half elective credit for student  
108 | completion of nonpaid voluntary community or school service  
109 | work. Students choosing this option must complete a minimum of  
110 | 75 hours of service in order to earn the one-half credit in  
111 | either category of instruction. Credit may not be earned for



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112 service provided as a result of court action. District school  
113 boards that approve the award of credit for student volunteer  
114 service shall develop guidelines regarding the award of the  
115 credit, and school principals are responsible for approving  
116 specific volunteer activities. A course designated in the Course  
117 Code Directory as grade 9 through grade 12 that is taken below  
118 the 9th grade may be used to satisfy high school graduation  
119 requirements or Florida Academic Scholars award requirements as  
120 specified in a district school board's student progression plan.  
121 A student shall be granted credit toward meeting the  
122 requirements of this subsection for equivalent courses, as  
123 identified pursuant to s. 1007.271(6), taken through dual  
124 enrollment.

125 Section 3. This act shall take effect July 1, 2006.

126  
127 ===== T I T L E A M E N D M E N T =====

128 Remove the entire title and insert:

129 A bill to be entitled

130 An act relating to Prosperity Campaigns; creating s.  
131 445.057, F.S.; establishing the Florida Prosperity  
132 Campaign Council within Workforce Florida, Inc.; providing  
133 membership; providing for meetings and reimbursement for  
134 per diem and travel expenses; providing duties of the  
135 council; requiring development of financial literacy  
136 instruction to be included in high school life management  
137 skills coursework; providing reporting requirements;  
138 providing for repeal; amending s. 1003.43, F.S., relating  
139 to general requirements for high school graduation;  
140 requiring financial literacy instruction to be part of the  
141 life management skills credit requirement; providing an  
142 effective date.